104TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
104–699

LOBBYING DISCLOSURE TECHNICAL AMENDMENTS ACT OF 1996

JULY 24, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. CANADY, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H.R. 3435]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 3435) to make technical amendments to the Lobbying Disclosure Act of 1995, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE AND REFERENCE.

(a) SHORT TITLE.—This Act may be cited as the "Lobbying Disclosure Technical Amendments Act of 1996".

(b) REFERENCE.—Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference

shall be considered to be made to a section or other provision of the Lobbying Disclosure Act of 1995.

SEC. 2. DEFINITION OF COVERED EXECUTIVE BRANCH OFFICIAL.

Section 3(3)(F) (2 U.S.C. 1602(3)(F)) is amended by striking "7511(b)(2)" and inserting "7511(b)(2)(B)".

SEC. 3. CLARIFICATION OF EXCEPTION TO LOBBYING CONTACT.

(a) CERTAIN COMMUNICATIONS.—Section 3(8)(B)(ix) (2 U.S.C. 1602(8)(B)(ix)) is amended by inserting before the semicolon the following: ", including any communication compelled by a Federal contract, grant, loan, permit, or license".

(b) DEFINITION OF "PUBLIC OFFICIAL".—Section 3(15)(F) (2 U.S.C. 1602(15)(F)) is amended by inserting ", or a group of governments acting together as an international organization" before the period.

SEC. 4. INTERESTS.

(a) SECTION 4.—Section 4(b)(4)(C) (2 U.S.C. 1603(b)(4)(C)) is amended by striking "direct interest" and inserting "significant direct interest".

(b) SECTION 5.—Section 5(b)(2)(D) (2 U.S.C. 1604(b)(2)(D)) is amended by striking "of the interest, if any," and inserting "of any significant direct interest".

(c) SECTION 14.—Section 14 (2 U.S.C. 1609) is amended—

(1) in subsection (a)(2), by striking "a direct interest" and inserting "a significant direct interest"; and

(2) in subsection (b)(2), by striking "a direct interest" and inserting "a significant direct interest".

SEC. 5. ESTIMATES BASED ON TAX REPORTING SYSTEM.

(a) SECTION 15(a).—Section 15(a) (2 U.S.C. 1610(a)) is amended—

(1) by striking "A registrant" and inserting "A person, other than a lobbying firm,"; and

(2) by amending paragraph (2) to read as follows:

"(2) for all other purposes consider as lobbying contacts and lobbying activities only—

"(A) lobbying contacts with covered legislative branch officials (as defined in section 3(4)) and lobbying activities in support of such contacts; and

"(B) lobbying of Federal executive branch officials to the extent that such activities are influencing legislation as defined in section 4911(d) of the Internal Revenue Code of 1986.".

(b) SECTION 15(b).—Section 15(b) (2 U.S.C. 1610(b)) is amended—

(1) by striking "A registrant that is subject to" and inserting "A person, other than a lobbying firm, who is required to account and does account for lobbying expenditures pursuant to"; and

(2) by amending paragraph (2) to read as follows:

"(2) for all other purposes consider as lobbying contacts and lobbying activities only—

"(A) lobbying contacts with covered legislative branch officials (as defined in section 3(4)) and lobbying activities in support of such contacts; and

"(B) lobbying of Federal executive branch officials to the extent that amounts paid or costs incurred in connection with such activities are not deductible pursuant to section 162(e) of the Internal Revenue Code of 1986.".

(c) SECTION 5(c).—Section 5(c) (2 U.S.C. 1604(c)) is amended by striking paragraph (3).

SEC. 6. DISCLOSURE OF INDIVIDUAL REGISTERED LOBBYISTS.

Section 5(b) (2 U.S.C. 1604(b))—

(1) in paragraph (2), by inserting "and" at the end of subparagraph (B), by striking subparagraph (C), and by redesignating subparagraph (D) as subparagraph (C), and

(2) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5), respectively, and by adding after paragraph (1) the following:

"(2) a list of employees of the registrant who acted as lobbyists on behalf of the client during the semi-annual reporting period;".

SEC. 7. EXEMPTION BASED ON REGISTRATION UNDER LOBBYING ACT.

Section 3(h) of the Foreign Agents Registration Act of 1938 (22 U.S.C. 613(h)) is amended by striking "is required to register and does register" and inserting "has engaged in lobbying activities and has registered".

PURPOSE AND SUMMARY

H.R. 3435 addresses several technical issues which have been raised during the initial months of implementation of the Lobbying Disclosure Act (Public Law 104–65). The amendments made by the bill will strengthen what is already widely viewed as a significant and successful law.

BACKGROUND AND NEED FOR THE LEGISLATION

The Lobbying Disclosure Act of 1995 ("LDA") was the first substantive reform in the laws governing lobbying disclosure since the Federal Regulation of Lobbying Act of 1946. This reform was necessary in major part due to the Supreme Court's narrow construction of the 1946 Regulation of Lobbying Act in *U.S.* v. *Harriss* [1] which effectively eviscerated the Act. At the behest of the Committee on the Judiciary, this landmark legislation was passed in the House in identical form to the Senate passed language. This action enabled the 104th Congress to send the bill directly to the President, thus passing the first meaningful lobbying disclosure legislation in 40 years.

EXPLANATION OF CHANGES MADE BY THE BILL TO PUBLIC LAW 104–65

The eight sections of H.R. 3435 are designed to clarify several technical issues under the bill. Section 2 of the bill would clarify the definition of a covered executive branch official under the Act. Section 3 of the bill would add a clarification of the exception to a lobbying contact so that any communication compelled by a Federal contract, grant, loan, permit or license would not be considered a lobbying contact. Section 3 also would make plain that groups of governments acting together as international organizations would not be required to register under the LDA. Section 4 of the bill would clarify what a "direct interest" is when a registrant has an affiliation with a foreign interest.

In addition, section 5 of the bill would clarify how estimates based on the tax reporting system can and should be used in relation to reporting lobbying expenses. This section also would provide that registrants engaging in executive branch lobbying and who make section 15 election must use the tax code uniformly for all of their executive branch lobbying registration and reporting under the LDA.

Section 6 of the bill would make the reporting requirement of the LDA consistent with the registration requirement by eliminating the duplicative reporting requirement of maintaining a list of lobbyists for each general issue area under the LDA. This section would make uniform the registration requirement that the name of each employee of the registrant who acts as a lobbyist on behalf of a client be disclosed in similar fashion in the registrant's semiannual reports.

Section 7 of H.R. 3435 would clarify the original intent of the LDA by providing that anyone engaged in even a de minimis level of lobbying activities on behalf of a foreign commercial entity can

[1] 347 U.S. 612 (1954).

register under the LDA rather than the Foreign Agents Registration Act of 1938. This change would reaffirm the Congressional intent of requiring disclosure of foreign non-governmental representations under the LDA and disclosure of foreign governmental representations under the Foreign Agents Registration Act. Finally, section 8 of the bill would make a purely technical change to the Foreign Agents Registration Act by striking the term "political propaganda" and inserting in its place "informational materials." The changes made by section 8 would complete the changes made to this terminology that were not included in the LDA.

SUBCOMMITTEE CONSIDERATION

On May 30, 1996, the Subcommittee on the Constitution met in open session and ordered favorably reported the bill, H.R. 3435, with a single amendment in the nature of a substitute by voice vote, a quorum being present.

COMMITTEE CONSIDERATION AND VOTE

On July 16, 1996, the Committee met in open session and ordered favorably reported the bill H.R. 3435 with a single amendment in the nature of a substitute by a recorded vote of 25 yeas to 0 nays, a quorum being present.

VOTE OF THE COMMITTEE

Final passage. The bill H.R. 3435 was ordered favorably reported as amended by a roll call vote of 25 to 0.

AYES	NAYS
Mr. Hyde	
Mr. Moorhead	
Mr. McCollum	
Mr. Gekas	
Mr. Coble	
Mr. Smith	
Mr. Schiff	
Mr. Canady	
Mr. Goodlatte	
Mr. Buyer	
Mr. Hoke	
Mr. Bono	
Mr. Heineman	
Mr. Conyers	
Mrs. Schroeder	
Mr. Frank	
Mr. Boucher	
Mr. Reed	
Mr. Nadler	
Mr. Scott	
Mr. Watt	
Mr. Becerra	
Ms. Lofgren	
Ms. Jackson Lee	
Ms. Waters	

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT FINDINGS

No findings or recommendations of the Committee on Government Reform and Oversight were received as referred to in clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 2(l)(3)(B) of House Rule XI is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In compliance with clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee sets forth, with respect to the bill, H.R. 3435, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 19, 1996.

Hon. HENRY J. HYDE,
Chairman, Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 3435, the Lobbying Disclosure Technical Amendments Act of 1996, as ordered reported by the House Committee on the Judiciary on July 16, 1996. CBO estimates that enacting this bill, which would make technical changes to the Lobbying Disclosure Act of 1995, would result in no significant cost to the federal government. Enacting H.R. 3435 would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply to this legislation.

The bill contains no private-sector or intergovernmental mandates as defined in Public Law 104–4 and would have no significant impact on the budgets os state, local, or tribal governments.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Mark Grabowicz.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, *Director*).

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that H.R. 3435 will

have no significant inflationary impact on prices and costs in the national economy.

SECTION-BY-SECTION ANALYSIS AND DISCUSSION

SECTION 1. SHORT TITLE

This section provides that this Act may be cited as the "Lobbying Disclosure Technical Amendments Act of 1996."

SEC. 2. DEFINITION OF COVERED EXECUTIVE BRANCH OFFICIAL

Section 2 of the Lobbying Disclosure Technical Amendments Act addresses an unclear statutory reference in section 3(3)(F) of the Lobbying Disclosure Act (LDA) that defines a covered executive branch official in part as "any officer or employee serving in a position of a confidential, policy-determining, policy-making, or policy advocating character described in section 7511(b)(2) of title 5, United States Code."[2] The legislative history of this Committee[3] concluded that the Senate drafted language included more federal employees than its stated intent of capturing only "Schedule C" employees.

To facilitate compliance with the statute, the intended scope of coverage of section 3(3)(F) was for "Schedule C" employees only.[4] The change to the definition made in section 3 of H.R. 3435 reflects the stated intent of this definition and will make plain to agencies and departments in the executive branch who among their employees are "covered executive branch officials" under the Lobbying Disclosure Act. The amendment made by this section narrows the statutory reference in subsection 3(3)(F) to ensure that only "Schedule C" employees are "covered executive branch employees" as defined in subsection 3(3)(F). The amendment makes plain that employees in the Senior Executive Service are not covered executive branch employees as defined by the Lobbying Disclosure Act.

SEC. 3. CLARIFICATION OF EXCEPTION TO LOBBYING CONTACT

Section 3(8)(B) of the LDA lists a series of exceptions to the definition of "lobbying contact." Subsection 3(8)(B)(ix) excepts communications "required by subpoena, civil investigative demand, or otherwise compelled by statute, regulation, or other action of the Congress or an agency." The guidance from the Clerk of the House and Secretary of the Senate highlight an example for application of this exception where a contractor is required, under the terms of a government contract, to provide on-going technical assistance.[5] The Committee concurs with this interpretation and believes that it is consistent with the purpose of this exception, which recognizes that communications that are compelled by an action of the federal government should not fall within the definition of a lobbying contact under the Act.

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[2] 2 U.S.C. 1602(3)(F).

[3] House Comm. on the Judiciary, Lobbying Disclosure Act of 1995, H. Rep. No. 339, 104th Cong., 1st Sess. 13 (1995).

[4] 120 Cong. Rec. S10,550–01 (daily ed. July 24, 1995) (statement of Sen. Levin).

[5] "Lobbying Disclosure Act Guidance," issued by the Clerk of the House of Representatives and the Secretary of the Senate, No. 1, February 12, 1996, pp. 3–4.

The change made by section 3(a) of H.R. 3435 would codify this guidance to ensure that required communications under the terms of a Federal contract, grant, loan, permit, or license will not be considered lobbying contacts under the Act.

Section 3(b) of H.R. 3435 clarifies the definition of a "public official" in subsection 3(15)(F) of the LDA. This subsection currently defines a public official in part as any national, regional, or local unit of any foreign government. However, because no express exemption exists for communications by international organizations composed of groups of governments acting together (such as the World Bank), such international organizations are potentially subject to the registration and reporting requirements of the LDA. In view of the clear exemption of foreign governments under the LDA, it appears to have been an oversight not to have included groups of governments acting together as international organizations in this exemption as well. This clarification would confirm that officials and employees of such organizations will be treated in the same manner as employees of the governments that comprise them.

SEC. 4. INTERESTS

LDA registrants are required to identify certain foreign entities who have an interest in the outcome of their lobbying activities. These foreign entities must be disclosed in registrations (2 U.S.C. 1603(b)(4)(C)), in semiannual reports filed by registrants (2 U.S.C. 1604(b)(2)(D)), and in communications with covered legislative and executive branch officials (2 U.S.C. 1609).

The absence of clear guidance in the Lobbying Disclosure Act on the interests subject to these disclosure requirements has been a source of considerable confusion among registrants. In particular, the current "direct interest" standard if literally construed could require U.S. multinational companies which participate in debates on international issues to list potentially hundreds of wholly-owned foreign subsidiaries and affiliates. This was not the intention of the Lobbying Disclosure Act. Section 4 of H.R. 3435 accordingly would amend the above-referenced provisions of the Act to clarify that only foreign entities with a "significant direct interest" in the outcome of a registrant's lobbying activities must be identified. The Committee wishes to emphasize, however, that this clarification would not in any way alter the requirement that lobbyists identify in their registration statements "any foreign entity that holds at least a 20 percent equitable ownership" in the lobbyist's client. The change in section 4 merely would confirm that once such ownership interests have been identified, they need not be restated in subsequent reports or communications with covered officials unless the foreign entity also has a "significant direct interest" in a particular issue lobbied.

The Committee has declined to include a specific definition of "significant direct interest" in the bill, because of the multitude of factual circumstances the definition would have to cover. We believe it preferable to rely on a good faith, common sense application of this term by registrants to their specific circumstances.

While it may be difficult to define precisely the meaning of significant direct interest, the Committee does wish to provide reg-

istrants with general guidelines. At one extreme, the Committee intends "significant direct interest" to mean something more than mere equity ownership and the generalized interest parent companies always have in the activities of their subsidiaries and affiliates. Nor will this standard generally apply to lobbying matters that are for the exclusive or predominant interest of the U.S. registrant rather than its foreign parent, subsidiary or affiliate. For example, questions arising under the National Labor Relations Act or involving workplace safety rules presumptively would not be of substantial direct interest to a U.S. subsidiary's foreign parent, even though the parent often will have a generalized interest in such questions.

At the other extreme, the Committee intends that where the U.S. entity is acting merely as an agent for a foreign affiliate, and the U.S. entity may not have engaged in the lobbying activities but for the foreign affiliate's interest, the interest must be disclosed. Thus, for example, a registrant's lobbying on trade legislation affecting the interests of both a U.S. parent and its foreign subsidiary—such as the duty rates for subsidiary company goods imported by the U.S. parent—presumptively would constitute a reportable significant direct interest.

SEC. 5. ESTIMATES BASED ON TAX REPORTING SYSTEM

Section 15 is intended to be used as an alternate method for the reporting of lobbying expenses for those subject to sections 6033(b) and 162(e) of the Internal Revenue Code. These sections apply respectively to non-profit organizations and businesses required to keep records of lobbying expenses for tax purposes.

However, due to the lack of harmonization between the Internal Revenue Code's definition of "influencing legislation" and the Lobbying Disclosure Act's definition of "lobbying activities," confusion has resulted as to which definition should be used for the Act's threshold test for a "lobbyist" when registrants make the section 15 election.

The Clerk of the House and Secretary of the Senate recently issued non-binding guidance dated February 12, 1996, which states that an entity may use the Internal Revenue Code's definitions of "lobbying activities" provided for by section 15 in determining who is a lobbyist under section 3(10) of the Act.[6] To the extent that the guidance states that the definitions in the Internal Revenue Code may not be used in lieu of the LDA's definition of "lobbying contact" for purposes of determining who is a lobbyist under section 3(10), or for purposes of identifying general and specific lobbying issues in executive branch lobbying, the amendment made by section 5 of H.R. 3435 would change this interpretation.

The Committee intends that when registrants elect to use their tax estimate, they may not change the number that is ultimately reportable to the Internal Revenue Service. This expense number may include grassroots lobbying expenses and state lobbying expenses for some registrants which are not activities that mandate record keeping or disclosure under the LDA. However, those reg-

[6] "Lobbying Disclosure Act Guidance," issued by the Clerk of the House of Representatives and the Secretary of the Senate, No. 1, February 12, 1996, pp. 4–5.

istrants making a section 15 election can and must avail themselves of the definitional sections in the Internal Revenue Code for executive branch lobbying only, including the tax code's definition of a covered executive branch official.

Section 5 of the Lobbying Disclosure Technical Amendments Act would require that all lobbying of the legislative branch be measured by the LDA's definition of "lobbying activities" which encompasses the definition of a lobbying contact. While registrants would report their expenses for lobbying activities using their tax code estimate, they would use the LDA's definitions for all other registration and reporting purposes.

Section 5 then makes clear that for purposes of executive branch lobbying only, those registrants who choose to use the tax code estimate also must use all the definitions under the tax code (including "influencing legislation" and "covered executive branch official") to determine registration and reporting requirements for their *executive* branch lobbying, including what their lobbying activities are, whether the 20 percent threshold test is met, and which lobbyists need to be disclosed for registration and reporting purposes. In other words, once the section 15 election is made, for purposes of executive branch lobbying registrants must use their tax records uniformly. Not only would a registrant report lobbying expenses based on its tax records, but it would then use its tax records uniformly for all other LDA registration and reporting requirements for executive branch lobbying.

Guidance from the Clerk of the House and Secretary of the Senate advises that trade associations and other tax-exempt organizations required by section 6033(e) to report nondeductible lobbying expenses with reference to section 162(e) may rely on the "safe harbor" established under section 15(b) of the LDA for estimating reportable lobbying activity.[7] The Committee concurs with this interpretation and believes that it is consistent with the purpose of this provision to avoid duplicative record keeping requirements. The Committee believes this reporting option should also be made available to the small number of trade association registrants not required by the Internal Revenue Code to report non-deductible lobbying expenses to their members (i.e., those whose members are tax-exempt) if they nevertheless elect to do so, adhering to the same standards and requirements followed by associations required to make such reports.

SEC. 6. DISCLOSURE OF INDIVIDUAL REGISTERED LOBBYISTS

Section 6 of the Lobbying Disclosure Technical Amendments Act would limit the record keeping of registrants under section 5 of the LDA by eliminating the requirement that the report contain a list of lobbyists for each general issue area. Instead, the registrant would provide a list of all employees who acted as a lobbyist for the organization in one section.

This amendment would make the reporting requirement of the Act consistent with the registration requirement contained in section 4(b)(6) of the Act. The change made by this section also would

[7] "Lobbying Disclosure Act Guidance," issued by the Clerk of the House of Representatives and the Secretary of the Senate, No. 1, February 12, 1996, p. 4.

eliminate the need for organizations with a wide range of general issue areas and a large number of registered lobbyists to undertake the time-consuming task of discerning which lobbyists worked on which issue. In sum, section 6 would eliminate a burdensome requirement without diminishing or devaluing the scope of information disclosed by registrants under the Act.

SEC. 7. EXEMPTION BASED ON REGISTRATION UNDER LOBBYING ACT

Under the Lobbying Disclosure Act, any lobbyist who represents a foreign interest and registers under the Lobbying Disclosure Act is required to provide detailed information of such foreign interest. In section 9(3) of the Lobbying Disclosure Act, Congress determined that the LDA rather than the Foreign Agents Registration Act of 1938 (FARA) disclosure standards are appropriate for disclosure of such information.

Section 7 of the Lobbying Disclosure Technical Amendments Act would clarify the section 3(h) exemption in FARA so that any agent of a foreign principal engaged in lobbying activities, other than a government or foreign political party, who registers under the LDA in connection with the agent's representation of such foreign principal would be exempt from the requirements of FARA. Under section 7 of H.R. 3435, registrants not required to register under the LDA may do so if engaged in lobbying activities. While such registrants may not meet the threshold registration requirements of the LDA, such as the 20 percent requirement, these registrants would be subject to the LDA's disclosure requirements. There is no reason for requiring more from less active lobbyists of foreign entities. (By contrast, domestic lobbyists who do not meet all of the threshold requirements are wholly exempt from disclosure.)

The Committee's intention is to reaffirm the bright line distinction between governmental and non-governmental representations. Agents of private commercial foreign principals will be exempt from FARA requirements so long as they register under the LDA, whether the level of their reportable activity is substantial (requiring LDA registration), or de minimis (LDA registration optional). For registered entities, this exemption from FARA requirements applies to all employees, including but not limited to those listed as lobbyists. Agents who fail or choose not to register under the LDA (or who terminate their LDA registration) will remain subject to FARA.

SEC. 8. FURNISHING INFORMATION

Section 8 of the bill was added after the text was reported from committee to address purely technical changes to the Foreign Agents Registration Act of 1938 (FARA). In sections 4(e) and 11 of FARA, the term "informational materials" should have been inserted in place of the term "political propaganda" when additional such changes were made to FARA by the Lobbying Disclosure Act. Section 8 accordingly would make these changes.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as re-

ported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

LOBBYING DISCLOSURE ACT OF 1995

* * * * * * *

SEC. 3. DEFINITIONS.

As used in this Act:

(1) AGENCY.—The term "agency" has the meaning given that term in section 551(1) of title 5, United States Code.

* * * * * * *

(3) COVERED EXECUTIVE BRANCH OFFICIAL.—The term "covered executive branch official" means—

(A) * * *

* * * * * * *

(F) any officer or employee serving in a position of a confidential, policy-determining, policy-making, or policy-advocating character described in section [7511(b)(2)] *7511(b)(2)(B)* of title 5, United States Code.

* * * * * * *

(8) LOBBYING CONTACT.—

(A) * * *

(B) EXCEPTIONS.—The term "lobbying contact" does not include a communication that is—

(i) * * *

* * * * * * *

(ix) required by subpoena, civil investigative demand, or otherwise compelled by statute, regulation, or other action of the Congress or an agency*, including any communication compelled by a Federal contract, grant, loan, permit, or license*;

* * * * * * *

(15) PUBLIC OFFICIAL.—The term "public official" means any elected official, appointed official, or employee of—

(A) * * *

* * * * * * *

(F) a national, regional, or local unit of any foreign government*, or a group of governments acting together as an international organization*.

* * * * * * *

SEC. 4. REGISTRATION OF LOBBYISTS.

(a) * * *

(b) CONTENTS OF REGISTRATION.—Each registration under this section shall contain—

(1) * * *

* * * * * * *

(4) the name, address, principal place of business, amount of any contribution of more than $10,000 to the lobbying activi-

ties of the registrant, and approximate percentage of equitable ownership in the client (if any) of any foreign entity that—

(A) * * *

* * * * * * *

(C) is an affiliate of the client or any organization identified under paragraph (3) and has a ⟦direct interest⟧ *significant direct interest* in the outcome of the lobbying activity;

* * * * * * *

SEC. 5. REPORTS BY REGISTERED LOBBYISTS.

(a) * * *

(b) CONTENTS OF REPORT.—Each semiannual report filed under subsection (a) shall contain—

(1) * * *

(2) a list of employees of the registrant who acted as lobbyists on behalf of the client during the semi-annual reporting period;

⟦(2)⟧ *(3)* for each general issue area in which the registrant engaged in lobbying activities on behalf of the client during the semiannual filing period—

(A) a list of the specific issues upon which a lobbyist employed by the registrant engaged in lobbying activities, including, to the maximum extent practicable, a list of bill numbers and references to specific executive branch actions;

(B) a statement of the Houses of Congress and the Federal agencies contacted by lobbyists employed by the registrant on behalf of the client; *and*

⟦(C) a list of the employees of the registrant who acted as lobbyists on behalf of the client; and⟧

⟦(D)⟧ *(C)* a description ⟦of the interest, if any,⟧ *of any significant direct interest* of any foreign entity identified under section 4(b)(4) in the specific issues listed under subparagraph (A);

⟦(3)⟧ *(4)* in the case of a lobbying firm, a good faith estimate of the total amount of all income from the client (including any payments to the registrant by any other person for lobbying activities on behalf of the client) during the semiannual period, other than income for matters that are unrelated to lobbying activities; and

⟦(4)⟧ *(5)* in the case of a registrant engaged in lobbying activities on its own behalf, a good faith estimate of the total expenses that the registrant and its employees incurred in connection with lobbying activities during the semiannual filing period.

(c) ESTIMATES OF INCOME OR EXPENSES.—For purposes of this section, estimates of income or expenses shall be made as follows:

(1) * * *

* * * * * * *

⟦(3) A registrant that reports lobbying expenditures pursuant to section 6033(b)(8) of the Internal Revenue Code of 1986 may satisfy the requirement to report income or expenses by filing with the Secretary of the Senate and the Clerk of the

House of Representatives a copy of the form filed in accordance with section 6033(b)(8).]

* * * * * * *

SEC. 14. IDENTIFICATION OF CLIENTS AND COVERED OFFICIALS.

(a) ORAL LOBBYING CONTACTS.—Any person or entity that makes an oral lobbying contact with a covered legislative branch official or a covered executive branch official shall, on the request of the official at the time of the lobbying contact—

(1) * * *

(2) state whether such client is a foreign entity and identify any foreign entity required to be disclosed under section 4(b)(4) that has [a direct interest] *a significant direct interest* in the outcome of the lobbying activity.

(b) WRITTEN LOBBYING CONTACTS.—Any person or entity registered under this Act that makes a written lobbying contact (including an electronic communication) with a covered legislative branch official or a covered executive branch official shall—

(1) * * *

(2) identify any other foreign entity identified pursuant to section 4(b)(4) that has [a direct interest] *a significant direct interest* in the outcome of the lobbying activity.

* * * * * * *

SEC. 15. ESTIMATES BASED ON TAX REPORTING SYSTEM.

(a) ENTITIES COVERED BY SECTION 6033(b) OF THE INTERNAL REVENUE CODE OF 1986.—[A registrant] *A person, other than a lobbying firm,* that is required to report and does report lobbying expenditures pursuant to section 6033(b)(8) of the Internal Revenue Code of 1986 may—

(1) make a good faith estimate (by category of dollar value) of applicable amounts that would be required to be disclosed under such section for the appropriate semiannual period to meet the requirements of sections 4(a)(3) and 5(b)(4); and

[(2) in lieu of using the definition of "lobbying activities" in section 3(7) of this Act, consider as lobbying activities only those activities that are influencing legislation as defined in section 4911(d) of the Internal Revenue Code of 1986.]

(2) for all other purposes consider as lobbying contacts and lobbying activities only—

(A) lobbying contacts with covered legislative branch officials (as defined in section 3(4)) and lobbying activities in support of such contacts; and

(B) lobbying of Federal executive branch officials to the extent that such activities are influencing legislation as defined in section 4911(d) of the Internal Revenue Code of 1986.

(b) ENTITIES COVERED BY SECTION 162(e) OF THE INTERNAL REVENUE CODE OF 1986.—[A registrant that is subject to] *A person, other than a lobbying firm, who is required to account and does account for lobbying expenditures pursuant to* section 162(e) of the Internal Revenue Code of 1986 may—

(1) make a good faith estimate (by category of dollar value) of applicable amounts that would not be deductible pursuant

to such section for the appropriate semiannual period to meet the requirements of sections 4(a)(3) and 5(b)(4); and

[(2) in lieu of using the definition of "lobbying activities" in section 3(7) of this Act, consider as lobbying activities only those activities, the costs of which are not deductible pursuant to section 162(e) of the Internal Revenue Code of 1986.]

(2) for all other purposes consider as lobbying contacts and lobbying activities only—

(A) lobbying contacts with covered legislative branch officials (as defined in section 3(4)) and lobbying activities in support of such contacts; and

(B) lobbying of Federal executive branch officials to the extent that amounts paid or costs incurred in connection with such activities are not deductible pursuant to section 162(e) of the Internal Revenue Code of 1986.

(c) DISCLOSURE OF ESTIMATE.—Any registrant that elects to make estimates required by this Act under the procedures authorized by subsection (a) or (b) for reporting or threshold purposes shall—

(1) inform the Secretary of the Senate and the Clerk of the House of Representatives that the registrant has elected to make its estimates under such procedures; and

(2) make all such estimates, in a given calendar year, under such procedures.

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SECTION 3 OF THE FOREIGN AGENTS REGISTRATION ACT OF 1938

SEC. 3. EXEMPTIONS.—The requirements of section 2(a) hereof shall not apply to the following agents of foreign principals:

(a) * * *

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(h) Any agent of a person described in section 1(b)(2) or an entity described in section 1(b)(3) if the agent [is required to register and does register] *has engaged in lobbying activities and has registered* under the Lobbying Disclosure Act of 1995 in connection with the agent's representation of such person or entity.

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